

# FISCAL NOTE

## HB 3343 - SB 3325

March 11, 1998

**SUMMARY OF BILL:** Phases out the Hall Income Tax over a six-year period, with it being repealed effective January 1, 2004. The current rate is 6% on interest and dividend income. The collections are apportioned 5/8ths to the state general fund and 3/8ths to local governments.

### ESTIMATED FISCAL IMPACT:

**Increase State Expenditures -      \$65,200/FY98-99  
\$17,000/FY99-00 and thereafter**

**Decrease State Revenues -            \$14,375,000/First Year  
Decrease Local Govt. Revenues -   \$8,625,000/First Year**

Estimate is based on projected Hall Income Tax collections for FY98-99 of \$138,000,000. Estimate also assumes that the first reduction in such rate would take effect January 1, 1999.

The first year total decrease would be \$23,000,000, of which \$14,375,000 would be the decrease to the state and \$8,625,000 would be the decrease to local governments. In the second year, the decrease would be *an additional* \$23,000,000 for a total of \$46,000,000, of which \$28,750,000 would be the decrease to the state and \$17,250,000 would be the decrease in local revenues. In FY 2004-2005, the final year of implementation, the total decrease in revenue will be \$138,000,000, of which \$86,250,000 would be the decrease to the state and \$51,750,000 would be the decrease to local governments.

This estimate assumes, for illustrative purposes, no growth in the Hall Income Tax.

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director